

To: U.S. Department of Education

From: American Federation of Teachers, Center for American Progress, EDGE Consulting Partners, The Education Trust, Higher Education Consortium for Special Education, Learning Policy Institute, National Association of Elementary School Principals, National Association of Secondary School Principals, National Center for Learning Disabilities, National Council of Teachers of Mathematics, National Science Teaching Association, New America, Education Policy Program, PDK International, Teacher Education Division of the Council for Exceptional Children, and UnidosUS

RE: Docket ED-2019-OPE-0081 – Proposed changes to simplify the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program requirements to minimize the number of TEACH Grants that are converted to Federal Direct Unsubsidized Loans, and to update, strengthen, and clarify other areas of the TEACH Grant Program regulations.

Date: January 10, 2020

The undersigned organizations appreciate the opportunity to provide comments to the U.S. Department of Education (the Department) on the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program and the number of proposed changes offered by the Department to address the administrative challenges that have inhibited the program's effectiveness. The proposed changes fall into these categories: (1) program information for grantees; (2) qualifying position and school; and (3) the grant-to-loan conversion process. We support a number of the Department's proposed recommendations, as described below. We also offer an additional recommendation for consideration regarding loan servicer accountability. Without the Department consistently holding servicers accountable for their management of the program, the Department's proposed changes will be limited in their effectiveness in ensuring the TEACH Grant Program fulfills its intended purpose.

The TEACH Grant Program

The TEACH Grant Program is a federal service scholarship program targeted at addressing teaching shortages in high-need fields and communities. The TEACH Grant Program provides scholarships of \$4,000 per year (for up to 4 years) to undergraduate and graduate students who are preparing for a career in teaching and who commit to teaching a high-need subject in a high-poverty elementary or secondary school for at least 4 years within 8 years of completing a degree. This grant is converted to a Federal Direct Unsubsidized Stafford Loan (with interest accrued from the date each grant was awarded) if a teacher is determined not to have fulfilled his or her commitment. As in other professions, such as medicine, service scholarship programs tied to requirements for service in high-need fields or locations such as the TEACH Grant Program are a promising approach to attracting and keeping teachers in the profession. These programs offer a targeted, short-term approach to increasing teachers' overall compensation package at the time that it matters most to individuals' early career decisions.¹

When programs such as the TEACH Grant Program are well designed, they can influence the recruitment and retention of talented teachers in high-need areas and locations. The more debt college students incur, the less likely they are to choose to work in a lower-wage profession. A recent study of students at a highly selective undergraduate institution found that incurring debt

increased the odds that students would choose “substantially higher-salary jobs” and “reduce[d] the probability that students [would choose] low-paid ‘public interest’ jobs.” The influence of debt on job choice was “most notable on the propensity to work in the education industry.”² In other words, the top-performing students were more likely to pursue a career in education when they did not have a large debt. In a survey of 400 National and State Teachers of the Year, 75% of respondents reported that “scholarship programs for education students” and 64% that “student loan forgiveness programs” are the most effective recruitment strategies for new teachers.³

These programs also support diversity within the educator workforce. Research suggests that loan forgiveness and service scholarships may be especially effective for recruiting teacher candidates of color and teacher candidates from low-income backgrounds.⁴ Data also show that teachers of color enter the profession without full preparation at much higher rates than their peers. This occurs because teachers of color are often unable to afford high-quality preparation without these types of financial support.⁵

The lack of access to high-quality pathways negatively impacts teachers and the students they serve. Research shows that teachers who have little or no preparation are more likely to leave the teaching profession compared to those teachers with comprehensive preparation. High teacher turnover undermines student achievement and consumes valuable staff time and resources. Urban districts can, on average, spend more than \$20,000 on each new hire, including school and district expenses related to separation, recruitment, hiring, and training.⁶ Federal programs such as the TEACH Grant Program are beneficial for increasing the supply and retention of effective teachers in high-need subject areas and locations and for diversifying the educator workforce by ensuring all teacher candidates can afford high-quality teacher preparation.

Despite the importance of targeted federal service scholarship programs in ensuring that all students have access to a well-prepared teacher, according to a U.S. Government Accountability Office (GAO) study of federal grant and loan forgiveness programs for teachers, the current structure and poor implementation of the TEACH Grant Program inhibit its ability to meet the goals of the program.⁷

According to a study of the TEACH Grant Program conducted for the Department by the American Institutes for Research (AIR), “Among TEACH Grant recipients who began their four-year service obligation period prior to July 2014, 63% had their grants converted to an unsubsidized loan because they did not meet the service requirements or the annual certification requirements as of June 2016.”⁸ For those currently meeting the service requirements, many face bureaucratic barriers such as complicated and changing verification requirements that have led to incorrect grant-to-loan conversions.⁹ Specifically, the GAO study identified 2,252 recipients who had had their grants erroneously converted to loans.¹⁰ In response, the Department conducted an audit of borrower records and discovered that the number of recipients who had had their grants converted to loans due to errors by the company managing the program was actually 10,776.¹¹

Proposed Changes to the TEACH Grant Program

To address these challenges, the Department is proposing a number of changes to the

administrative management of the TEACH Grant Program that we believe will increase the effectiveness of the program. These changes should be applied to all current grantees and retroactively to those who have had their grants converted into loans as appropriate.

1. Qualifying position and school

Under the TEACH Grant Program, a qualifying position is defined as teaching in a high-need field at an elementary school, secondary school, or education service agency (ESA) that serves students from low-income families. This information is listed in the Department's annual Teacher Shortage Area Nationwide Listing (Nationwide List). This list can change annually, negatively impacting a grantee's status before he or she begins a teaching position or after having already started the position. For example, grantee teacher candidates enrolled in a teacher preparation program may select a position during their preparation that is no longer included on the annual state list at the time they graduate.¹² A grantee may also begin teaching in a qualifying position, but the position's status may change during the course of fulfilling the service requirement. These teachers then have to decide whether to stay in their current position and have their grant converted to a high-interest loan or find another teaching position either in their current school or in another school. This can be an extremely difficult decision for teachers and can have a negative impact on students if a teacher decides to leave his or her current position or school for another role. When teachers change schools, they contribute to teacher turnover, which negatively impacts the achievement of all students in a school by disrupting school stability, collegial relationships, collaboration, and the accumulation of institutional knowledge.¹³

While the Department's TEACH Grant Counseling Guide states that a change in school status or in certain teaching positions' status should not impact grant status,¹⁴ grants are being erroneously converted to loans based on a change in school or teaching position status. According to the previously described AIR study, of the factors related to employment that influence failure to complete the service requirements, 39% of grant recipients in loan status (meaning their TEACH Grant had been converted to a loan) stated that they were teaching in a position that did not qualify for TEACH Grant Program service.

To address this concern, the Department is proposing that for a grantee's teaching service to count toward satisfying the service obligation, the high-need field in which he or she prepared to teach must be listed in the Nationwide List for the state in which the grant recipient teaches (1) at the time the grant recipient signed the agreement to serve or repay or received the TEACH Grant, even if that field subsequently loses its high-need designation for that state before the grant recipient begins teaching in that field; or (2) at the time the grant recipient begins teaching in that field, even if that field subsequently loses its high-need designation for that state. This applies, for example, to grantees who accept jobs prior to graduation in a school that might change status by the time they graduate or who start to teach in a school that later changes status, ensuring that they can be placed or remain in that position.

We support this proposal to ensure that any change in the status of the qualifying position once the grantee commits to serve does not result in the grant being converted to a loan or the teacher having to withdraw his or her acceptance of a position or change positions.

2. The grant-to-loan conversion process

The previously described GAO study of federal grant and loan forgiveness programs for teachers criticizes the program's management, including the requirement that participants submit burdensome annual paperwork, and also criticizes the ineffective appeals process for recipients whose grants are erroneously converted to loans.¹⁵ A significant percentage of grant-to-loan conversions are erroneous, and others are the result of grantees' lack of information regarding program requirements, including information related to the grant-to-loan conversion and dispute resolution process. Regarding the annual certification process, it has been unclear why a number of grantees who had their grants converted to loans did not submit a completed certification form.¹⁶ The lack of submission may be in part due to incorrect contact information held by the servicer and a grantee not receiving the annual certification form, and perhaps not knowing it was required. In addition, often grantees who have properly submitted annual certification forms have had their grants erroneously converted to loans and have had no recourse for contesting the conversion because the dispute resolution process does not function properly, including by being unresponsive and at times fraudulent.

To address these concerns, the Department is proposing to: (1) simplify the regulations specifying the conditions under which TEACH Grants are converted to Direct Unsubsidized Loans so that, for all grant recipients, loan conversion will occur only if the recipient asks the Secretary to convert his or her TEACH Grants to loans, or if the recipient fails to begin or maintain qualifying teaching service within a timeframe that would allow the recipient to satisfy the service obligation within the 8-year service obligation period; (2) detail the actions that the Secretary will take if a grant recipient's request for reconsideration of the grant-to-loan conversion is approved or denied; and (3) provide grantees with conversion counseling to inform them of the average anticipated monthly repayment amount; the available repayment plan options, including a description of the different features of each plan; how to request reconsideration of the conversion if they believe the grant-to-loan conversion was an error; the likely consequences of defaults; and a general description of the terms and conditions under which they may obtain full or partial forgiveness or discharge of the loan, defer repayment of the loan, or be granted a forbearance on repayment of the loan.

The Department's proposed improvements to initial program counseling, the certification process, and maintenance of position qualification status should support grantees being more successful in meeting the service requirements. We support these proposed changes to prevent incorrect grant-to-loan conversions and to better support grantees when these conversions do need to take place. However, in order to strengthen the effectiveness of these provisions, we recommend that the Department automatically provide any grantee with a written "statement of error" when a grant has incorrectly been converted to a loan. Under the current proposal, this statement of error is only provided upon request.

3. Program information for grantees

In addition to these changes, it is important to provide clear and accurate information to all grantees. TEACH Grant Program recipients report a lack of clarification regarding program requirements, including qualifying positions and schools, as contributing to the high grant-to-

loan conversion rates and as a disincentive to fulfilling the terms of their grant.¹⁷ According to the AIR study:

- Thirty-two percent of the recipients in loan status reported not understanding the service requirements as a factor in not completing those requirements.
- TEACH Grant Program recipients who were in loan status were less likely than those who were still in grant status to say they were well informed about the service requirements during the process of obtaining their first grant (39% and 65%, respectively, felt well informed).¹⁸
- Nineteen percent of grant recipients in loan status did not certify because they did not know about the annual certification process. This includes submitting paperwork certifying current employment status and confirming intent to fulfill the terms of the grant.¹⁹

To address these concerns, the Department's proposed regulations would expand the information that is provided to TEACH Grant recipients during initial, subsequent, and exit counseling, and add a new conversion counseling requirement for grant recipients whose TEACH Grants are converted to Direct Unsubsidized Loans. This information would include: (1) the terms and conditions of the TEACH Grant agreement to serve or repay the grant; (2) how to identify low-income schools and documented high-need fields; (3) an explanation that, for the teaching service to count toward the recipient's service obligation, the high-need field in which he or she has prepared to teach must be listed in the Nationwide List for the state; (4) an emphasis to the grantee that if he or she fails or refuses to complete the service obligation, the Grant must be repaid as a Direct Unsubsidized Loan and the grantee will be obligated to repay the full amount of each grant and the accrued interest from each disbursement date; and (5) an explanation of the circumstances under which a TEACH Grant will be converted to a Direct Unsubsidized Loan.

In addition, the proposed regulations would specify that the Secretary will send grant recipients, at least annually, a notice containing detailed information about the TEACH Grant service obligation requirements, a summary of the grant recipient's progress toward satisfying the service obligation, and an explanation of the process by which a grant recipient whose TEACH Grant is converted to Direct Unsubsidized Loans may request reconsideration of the conversion if he or she believes the grant was converted in error.

We support these proposed changes to increase the amount of counseling provided, clarify the program's service requirements, and establish a clear and formalized grant-to-loan reconsideration process as long as the other major repairs are made to program administration. We also believe that there should be a formalized process for other erroneous actions that impact a TEACH Grant recipient's ability to complete their service. Grant recipients should have the opportunity to request reconsideration by the Secretary of any adverse action taken against them regarding the administration of the recipients' TEACH Grant. Such adverse actions include, but are not limited to, rejection of a service-year certification, determination that the recipients' employment does not meet the requirements of this section, rejection of a request for suspension, or rejection of a request for discharge. If the Secretary determines the adverse action was made in error, the Secretary shall reverse the adverse action and take all other actions necessary to correct the adverse action. Implementing this type of process would likely allow for less

erroneous grant-to-loan conversions that come out of wrongfully rejected service-year certifications or other types of erroneous actions.

Additional consideration: servicer accountability

While these proposed changes address a significant number of the administrative concerns with the TEACH Grant Program, the proposed changes do not directly address loan servicer accountability. Mismanagement and misinformation by servicers significantly contribute to limiting the effectiveness of the program. An audit of borrower records conducted by the Department identified 10,776 recipients who had had their grants converted to loans due to errors by FedLoan Servicing, the sole company contracted by the Department to manage the program. Reports from individual teachers whose grants were converted to loans show that these incorrect and unexpected conversions have taken a financial and psychological toll:

Without any notice, [my grant] was suddenly a loan, and interest was already accruing on it. So, my \$4,000 grant was now costing me \$5,000. I knew I hadn't done anything wrong, I knew I had done it right. And it was just so hurtful that they would do that. It just made me angry because I was working in a low-income school and I still am.

—Maggie Webb, a junior high teacher in Massachusetts²⁰

I remember going out to the mailbox—I even opened it up at the mailbox—and sheer panic just set in. It's so unjust and wrong on all accounts. [The conversion caused] a myriad of emotions—anger, frustration, hopelessness, sadness, fear. All of those negative emotions kind of rolled into one.

—Kaitlyn McCollum, a high school teacher in Tennessee²¹

Further, recent investigations²² show that many of these conversion errors were the fault of loan servicers who did not get documents to TEACH Grant Program recipients on time. Servicers should be held accountable for maintaining and conveying timely and accurate information for and from grantees, including up-to-date contact information and records of all communications with grantees. This should include a process for tracking electronic communication and should provide grantees a way to update their information online. The Department should also be explicit in its commitment to hold loan servicers accountable for their management of the loans as well as the dispute resolution process. Inappropriate grant-to-loan conversions and repeated failure by servicers to provide accurate and timely information to grantees should result in escalating consequences, including financial penalties and termination of a servicer's contract with the Department.

Even though servicer accountability remains a concern, we support the previously described proposed changes to the administration of the TEACH Grant Program. Adopting these regulations is an opportunity for the Department to significantly improve the effectiveness of the TEACH Grant Program, an important piece of the work toward ensuring that every student has access to a well-prepared and diverse teacher workforce.

We appreciate your consideration.

1. American Federation of Teachers
2. Center for American Progress
3. EDGE Consulting Partners
4. The Education Trust
5. Higher Education Consortium for Special Education
6. Learning Policy Institute
7. National Association of Elementary School Principals
8. National Association of Secondary School Principals
9. National Center for Learning Disabilities
10. National Council of Teachers of Mathematics
11. National Science Teaching Association
12. New America, Education Policy Program
13. PDK International
14. Teacher Education Division of the Council for Exceptional Children
15. UnidosUS

Endnotes

¹ See, e.g., Adamson, F., & Darling-Hammond, L. (2011). *Speaking of salaries: What it will take to get qualified, effective teachers in all communities*. Washington, DC: Center for American Progress.

<https://edpolicy.stanford.edu/sites/default/files/publications/speaking-salaries-what-it-will-take-get-qualified-effective-teachers-all-communities.pdf>

² Rothstein J., & Rouse, C. E. (2011). Constrained after college: Student loans and early-career occupational choices. *Journal of Public Economics*, 95(1–2), 149–163.

³ Goldberg, P. E., & Proctor, K. M. (2000). *Teacher Voices 2000: A survey on teacher recruitment and retention*. Washington, DC: Scholastic/Council of Chief State School Officers.

http://teacher.scholastic.com/professional/teachertoteacher/ttt/voices_part_1.pdf

⁴ Carver-Thomas, D. (2018). *Diversifying the teaching profession: How to recruit and retain teachers of color*. Palo Alto, CA: Learning Policy Institute.

⁵ Carver-Thomas, D. (2018). *Diversifying the teaching profession: How to recruit and retain teachers of color*. Palo Alto, CA: Learning Policy Institute.

⁶ Carver-Thomas, D. & Darling-Hammond, L. (2017). *Teacher turnover: Why it matters and what we can do about it*. Palo Alto, CA: Learning Policy Institute.

⁷ United States Government Accountability Office. (2015). *Better management of federal grant and loan forgiveness programs for teachers needed to improve participant outcomes*. Washington, DC: U.S. Government Accountability Office.

⁸ Barkowski, E., Nielsen, E., Noel, H., Dodson, M., Sonnenfeld, K., Ye, C., DeMonte, E., Monahan, B., & Eccleston, M. (2018). *Study of the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program*. Washington, DC: American Institutes for Research.

⁹ Turner, C., Arnold, C., & Lombardo, C. (2018, April 23). *Teachers share anger, frustration over grants turned into loans* [Radio broadcast]. National Public Radio.

<https://www.npr.org/sections/ed/2018/04/23/600949682/teachers-share-anger-frustration-over-grants-turned-into-loans>.

¹⁰ United States Government Accountability Office. (2015). *Better management of federal grant and loan forgiveness programs for teachers needed to improve participant outcomes*. Washington, DC: U.S. Government Accountability Office.

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- ¹¹ Turner, C., & Arnold, C. (2018, July 2). *Senators to DeVos on TEACH Grant debacle: “Urgent that these mistakes are fixed”* [Radio broadcast]. National Public Radio. <https://www.npr.org/sections/ed/2018/07/02/624278514/senators-to-devos-on-teach-grant-debacle-urgent-that-these-mistakes-are-fixed>.
- ¹² Barkowski, E., Nielsen, E., Noel, H., Dodson, M., Sonnenfeld, K., Ye, C., DeMonte, E., Monahan, B., & Eccleston, M. (2018). *Study of the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program*. Washington, DC: American Institutes for Research.
- ¹³ Ronfeldt, M., Loeb, S., & Wyckoff, J. (2013). How teacher turnover harms student achievement. *American Educational Research Journal*, 50(1), 4–36. DOI: 10.3102/0002831212463813.
- ¹⁴ U.S. Department of Education–Federal Student Aid. (2016). *Teacher Education Assistance for College and Higher Education Grant (TEACH Grant): Initial and subsequent counseling guide*. Washington, DC: U.S. Department of Education. <https://static.studentloans.gov/images/teachCounselingGuide.pdf>.
- ¹⁵ United States Government Accountability Office. (2015). *Better management of federal grant and loan forgiveness programs for teachers needed to improve participant outcomes*. Washington, DC: U.S. Government Accountability Office.
- ¹⁶ Barkowski, E., Nielsen, E., Noel, H., Dodson, M., Sonnenfeld, K., Ye, C., DeMonte, E., Monahan, B., & Eccleston, M. (2018). *Study of the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program*. Washington, DC: American Institutes for Research.
- ¹⁷ United States Government Accountability Office. (2015). *Better management of federal grant and loan forgiveness programs for teachers needed to improve participant outcomes*. Washington, DC: U.S. Government Accountability Office.
- ¹⁸ In addition, according to the study, factors related to annual certification that are influential to not completing the service requirements, as reported at the time of survey completion by grant recipients in loan status, included not certifying because they did not know about the annual certification process (19%) and not certifying because of challenges related to the certification process (13%). Barkowski, E., Nielsen, E., Noel, H., Dodson, M., Sonnenfeld, K., Ye, C., DeMonte, E., Monahan, B., & Eccleston, M. (2018). *Study of the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program*. Washington, DC: American Institutes for Research.
- ¹⁹ Barkowski, E., Nielsen, E., Noel, H., Dodson, M., Sonnenfeld, K., Ye, C., DeMonte, E., Monahan, B., & Eccleston, M. (2018). *Study of the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program*. Washington, DC: American Institutes for Research.
- ²⁰ Turner, C., & Arnold, C. (2018, March 28). *Dept. of Education fail: Teachers lose grants, forced to repay thousands in loans* [Radio broadcast]. National Public Radio. <https://www.npr.org/sections/ed/2018/03/28/596162853/dept-of-education-fail-teachers-lose-grants-forced-to-repay-thousands-in-loans>.
- ²¹ Turner, C., & Arnold, C. (2018, July 2). *Senators to DeVos on TEACH Grant debacle: “Urgent that these mistakes are fixed”* [Radio broadcast]. National Public Radio. <https://www.npr.org/sections/ed/2018/07/02/624278514/senators-to-devos-on-teach-grant-debacle-urgent-that-these-mistakes-are-fixed>.
- ²² Turner, C., & Arnold, C. (2018, March 28). *Dept. of Education fail: Teachers lose grants, forced to repay thousands in loans* [Radio broadcast]. National Public Radio. <https://www.npr.org/sections/ed/2018/03/28/596162853/dept-of-education-fail-teachers-lose-grants-forced-to-repay-thousands-in-loans>.